

AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/CAUCASUS

**RESULTS REVIEW AND
RESOURCE REQUEST**

FY 2001

AZERBAIJAN

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LIST OF ACRONYMS

ABA	--	American Bar Association
ACDI/VOCA	--	Agricultural Cooperative Development, Inc./Volunteers in Overseas Cooperative Assistance
ACI	--	Azerbaijan Civic Initiative Group
ADRA	--	Adventist Development and Relief Agency
AHAP	--	Azerbaijan Humanitarian Assistance Program
CAD	--	Children Aid Direct
CARE	--	Cooperative Assistance and Relief Everywhere
CDC	--	Citizens Democracy Corps
CEC	--	Central Electoral Commission
GOAJ	--	Government of Azerbaijan
ECHO	--	European Community Humanitarian Organization
EPI	--	Expanded Program of Immunization
FINCA	--	Foundation for International Community Assistance
IDP	--	Internally Displaced Person/People
IFC	--	International Finance Corporation
IFES	--	International Foundation for Election Systems
IFRC	--	International Federation of Red Cross and Red Crescent Societies
IMCI	--	Integrated Management of Childhood Illnesses
IRC	--	International Rescue Committee
IRI	--	International Republican Institute
ISAR	--	Institute for Social Action and Renewal
MCI	--	Mercy Corps International
NDI	--	National Democratic Institute
NGO	--	Non-Governmental Organization
NIS	--	New Independent States
NK	--	Nagorno-Karabakh
OPWR	--	Organization for the Protection of Women's Rights
OSCE	--	Organization for Security and Cooperation in Europe
PVO	--	Private Voluntary Organization
SCF	--	Save the Children Federation
SME	--	Small and Medium Enterprise(s)
TEC	--	Territorial Electoral Commission
UMCOR	--	United Methodist Committee on Relief
UNDP	--	United Nations Development Program
UNHCR	--	United Nations High Commissioner for Refugees
UNICEF	--	United Nations Children's Fund
USDA	--	United States Department of Agriculture
USG	--	United States Government
WFP	--	World Food Program
WVI	--	World Vision International

I. COVER MEMORANDUM: AZERBAIJAN R4 FY 2001

The purpose of this memorandum is to request USAID/W and Department of State assistance in securing increased financial resources for the USG assistance program to Azerbaijan. The continuing lack of adequate resources given to Azerbaijan severely limits the impact of the program by impeding the USG from effectively engaging in the breadth of dialogue and policy reform necessary to assist Azerbaijan to ensure its stability, prosperity and political independence. Resource allocation remains the overriding constraint to the development of a comprehensive assistance program for Azerbaijan.

A stable and prosperous Azerbaijan is critical to US foreign policy goals in both the Central Asian Republics (CAR) and Georgia. Azerbaijan is the capstone in the East-West corridor. Its existence as a politically and socially stable, prosperous and westward-looking country facilitates the flow of ideas and commerce from Europe and the Black Sea to the CAR and beyond. Any inability to easily access the West through Azerbaijan will force the CAR to strengthen their political and commercial ties with the surrounding countries of Russia, Iran and Afghanistan. Azerbaijan's stability and prosperity are also critical to the security and success of its Southern Caucasus neighbors. With an increasingly dissatisfied population, the Government of Georgia must look for ways to create jobs and increase income. Revenues generated by the flow of petroleum products and other commerce is critical to the economy of Georgia. In spite of the current enmity between the two countries, the political independence of Armenia would be threatened by an Azerbaijan politically subordinate to one of the less Western-oriented regional powers.

In order to maintain its stability, Azerbaijan, too, must address the needs of her vulnerable citizens. Azerbaijan has a weak economy hampered by a slow transition to a full market economy caused by insufficient privatization and economic restructuring. The Government of Azerbaijan (GOAJ) had counted on a financial windfall from development of off-shore oil reserves in the Caspian, however with sharply falling oil prices and a series of dry wells it is clear that there will be no near-term financial relief for the GOAJ. Vulnerable populations will continue to suffer and discontent will grow.

A quick comparison of actual and planned levels among the three Caucasus countries makes abundantly clear the inequities in allocations among the three countries:

FY 99 actual:

Country total	Georgia: \$84.36m	Armenia: \$79.9m	Azerbaijan: \$23.84m
USAID portion	\$53.60m	\$48.4m	\$18.00m

FY 2000 planning levels:

Country total:	Georgia: \$83.5m	Armenia: \$71.5m	Azerbaijan: \$33.5m
USAID portion:	\$47.0m	\$49.0m	\$24.0m

FY 2001 planning levels:

Country total:	Georgia: \$80.0m	Armenia: \$72.0m	Azerbaijan: \$33.0m
USAID portion:	\$52.3m	\$49.5m	\$25.0m

The majority of USG assistance dollars for Azerbaijan (\$9.95m or 55% in FY 99) are dedicated to humanitarian assistance and focus exclusively on Azerbaijan's 700,000 refugees and Internally Displaced Persons (IDPs). The remaining USG assistance dollars support privatization and economic restructuring such as support for small enterprises (\$5.32m or 29%) and democracy and governance activities such as electoral assistance (\$2.73m or 16%). All existing activities are in compliance with Section 907 restrictions.

There are insufficient funds available to address the needs of Azerbaijan's vulnerable populations. No funds are available within current budget constraints to meet other than the most basic human needs for the refugee and IDP communities. No funds are available within current budget constraints to support sustainable economic development programs that would change the social and economic status of the refugees and IDPs or of Azerbaijan's other vulnerable populations.

Municipal elections currently are planned in for October 1999. There are insufficient funds to support local political and civic development. Extremely limited funds are available under current budget constraints to support the transition from political domination by a highly centralized regime to more sustainable power-sharing between the ruling party and the opposition. Insufficient funds are available to train newly elected local governments in how to serve their constituents.

The Azerbaijan program can easily absorb and fully utilize at least an additional \$15.0m per year. The funds can be used for social sector and income generation activities such as community development, the creation of mobile health units, social infrastructure rehabilitation, SME development with an emphasis on agriculture, and work with local government officials, local community groups and NGOs. These programs would impact on refugee, IDP and other vulnerable populations alike. Without additional funds the Azerbaijan program will be able to do little more than maintain vulnerable groups at their current poverty levels. Without additional funds, democracy activities will remain largely stalled at the central level.

While the Clinton Administration would like to see Section 907 restrictions relaxed or eliminated altogether, the purpose of this memorandum is not to address that issue. The purpose of this memorandum is to seek USAID/W and Department of State support in gaining additional financial resources for the USG assistance program to Azerbaijan. Section 907 limits the areas in which assistance dollars can be spent, but it does not limit the amount of resources dedicated to Azerbaijan. Embassy Baku and USAID/Caucasus believe that a compelling case about the benefits of increased resources to US foreign policy goals can be made to the members of Congress. We stand ready to work with our Washington colleagues in articulating this case.

II. Overview and Factors Affecting Program Performance

1. Summary

USAID's program in Azerbaijan currently has three objectives: 1) alleviate human suffering; 2) stimulate the nascent private sector; and 3) support democracy and rule of law. Successful activities were carried out in all three sectors during FY 98. However, there are three significant factors impeding expansion and further development of the Azerbaijan program. They are 1) the lack of an approved Strategic Plan; 2) insufficient financial resources; and 3) Freedom Support Act (FSA) Section 907.

2. Performance Overview

Regional Stability is the most important strategic goal in the Azerbaijan Mission Performance Plan (MPP). USAID's support for this goal is found in its attention to unserved and underserved populations (e.g. humanitarian assistance and SME credit) and its work in strengthening democratic institutions and concepts (e.g. political parties, voter education and rule of law). By improving living conditions and providing the means by which people can help themselves, and by supporting fairness and transparency, USAID is contributing to the stability of Azerbaijan and, by extension, the region. Taken as individual activities, humanitarian assistance – including access to SME credit – is the number three strategic goal in the MPP, and democracy and governance is number four. Economic development is ranked as number eleven due to need to work with the Government of Azerbaijan (GOAJ) to fully reach this MPP goal. USAID's Azerbaijan Country Coordinator was an integral participant and substantive contributor in the development of the Azerbaijan MPP.

Throughout FY 98, USAID provided essential assistance primarily to refugees, Internally Displaced Persons (IDPs), and other vulnerable populations in Azerbaijan. The most significant achievements were the provision of health care for over 400,000 people, basic shelter construction for 3,565 people, shelter rehabilitation for 22,280 people and income generation activities for 9,775 people. There was no reduction in the number of IDPs and refugees requiring assistance during the reporting period. This was due largely to the continuing problem of Nagorno-Karabakh and the failure of the GOAJ to assume minimal responsibility for its refugees and IDPs.

The economic restructuring program focused on providing assistance to promote the development of a small business sector, including agriculture and agribusiness. The most significant achievement in this sector was the provision of 882 microloans (in the \$50 - \$1,000 range through FINCA) and 17 larger loans (in the \$10,000 – \$100,000 range through ShoreBank). The FINCA and ShoreBank programs represent a significant source of much-needed credit for the cash-strapped SME sector. The provisions of FSA Section 907 limit work in this sector.

Democracy and governance activities expanded in Azerbaijan in FY 98 to include support for the electoral process. The most significant achievement in this sector was the successful amendment of the election law to include opposition political party representatives as members of the Central

Electoral Commission. While the FY 98 presidential elections ultimately were judged to be flawed by the international community, there is general agreement that the presence of U.S. organizations ensured that the public was as well informed as possible about the electoral process and that election officials received training in implementation of the new law on presidential elections.

3. Factors Affecting Program Performance

There is no approved Strategic Plan or Results Framework (RF) for the Azerbaijan program. Activities carried out under the program are reported as supporting particular specific objectives, however this is only because the activities are most commonly associated with those objectives. The Azerbaijan program also lacks approved Performance Measures. The results contained in this and other reporting documents represent the most important performance goals of the current Azerbaijan program. A Strategic Plan and RF will be developed in 1999. At that time, program direction, activity mix and performance goals will be examined.

As discussed in the Cover Memorandum, the continuing lack of adequate resources for the USG program to Azerbaijan limits the impact of the program by impeding the USG from effectively engaging in the breadth of dialogue and policy reform necessary to assist Azerbaijan to ensure its stability, prosperity and political independence. No funds are available under current budget constraints to meet other than the most basic of human needs for the refugee and IDP communities. Other vulnerable populations go largely unserved. Insufficient funds are available under current budget constraints to expand the program beyond its current focus to provide support for local political and civic development. The needs of local governments and their constituents will go unmet. The Azerbaijan program could absorb, at a minimum, an additional \$15.0 m per year to make the programs more meaningful and effective. Funds would be used for social sector, income generation and local development activities. USAID/W and State Department assistance have been requested in securing additional resources for the Azerbaijan program.

Section 907 continues to limit the size of the economic restructuring portfolio and its impact. It restricts direct assistance to the GOAJ, thereby, preventing the USG from working with Azerbaijani officials on a range of issues critical to establishing a market-oriented democracy. Because Azerbaijan is such a vital link in the Transcaspian energy export system, it is essential that the GOAJ develop a market-oriented, transparent and corruption-free economic, legal and regulatory system. In addition, because of the current down-turn in world oil prices, it is incumbent on the GOAJ to compensate for the failure to realize anticipated revenues by streamlining their current economic practices as well as accelerating the pace of privatization. However, Section 907 still limits the USG's ability to promote these specific, economic restructuring goals with the GOAJ, and no other donor can substitute for USG experience and leadership in this area.

4. Overall Prospects for Progress through FY 2001

The GOAJ recently has accepted responsibility for its refugee and IDP populations and has signed an Aide Memoire with the United Nations and the World Bank regarding resettlement,

potential access to land and potential income generation activities. USAID plans to be a partner in the resettlement activities and will advocate a multi-sectoral community mobilization effort to ensure effective and sustainable resettlement. Among the activities needed to attract and keep refugees in new homes and communities are the provision of shelter, income generation activities, NGO strengthening and SME development. Twenty million dollars has been requested by Embassy Baku and USAID/Caucasus from the FY 99 Caucasus Peace Fund for the purposes of investment in the resettlement program. With a consistent increase in the level of resources, the broad multi-sectoral community mobilization approach outlined above will be expanded and will include other vulnerable populations in Azerbaijan. Sixty percent of Azerbaijan's population lives below the poverty level.

USAID anticipates increased numbers of loans at the micro, small, and medium levels, as well as increased numbers of banks offering credit services. Loans will soon be offered in the currently unserved \$300 - \$10,000 range. USAID further anticipates broadening its SME activities to include a technical assistance component. Leadership training in economics, business and management also will be supported. Economic restructuring is the sector most constrained by Section 907. Without specific "carve-outs" for the economic sector, USAID will remain handicapped in its ability to influence Azerbaijan's transition to a market economy.

Subject to the availability of funds beginning in FY 2000, USAID intends to broaden its activities in rule of law and commercial law. There will be a focus on the grass-roots level and a development of advocacy capacity in civil society organizations. Emphasis also will be placed on promoting an improved legal and regulatory environment for NGOs and independent media. Finally, with a consistent increase in the level of resources requested, and in order to support the municipal elections planned for October 1999, USAID will focus on work with local government officials, community groups and local-level NGOs.

All of the above-mentioned program initiatives will be further spelled out in Strategic Plan being developed in 1999.

Part II. Results Review by SO

SO 1.3 Accelerated Development and Growth of Private Enterprises

SO Summary: In FY 98, USAID initiated some Section 907-compliant programs to stimulate the nascent private sector in Azerbaijan, specifically bankers' training and loans through Shorebank and the Foundation for International Community Assistance (FINCA). The only economic restructuring-oriented activities that USAID had had in Azerbaijan prior to that were income generation programs in the area of humanitarian response, implemented through American PVOs like International Rescues Committee, World Vision International, Adventist Development and Relief Agency (ADRA) and others. However, with a high rate of unemployment and an average monthly salary of around \$35, the vulnerable population makes up a major part of the total population of Azerbaijan. In many instances, small business is the employment or income generation hope for those people. In addition, Azerbaijan is going through a privatization process and, given the country's Soviet-era heritage, new businesses obviously need both training assistance and financial support.

Key results: Although there are no approved results frameworks or performance measures for Azerbaijan in the economic or other sectors, the limited economic restructuring activities that USAID has funded in Azerbaijan seek to help accelerate the development and growth of private enterprises. USAID-funded activities focus on providing credit to small and medium enterprises, agribusiness development, and increasing the capacity of private bankers.

Performance and Prospects: Progress under this strategic objective met expectations. ShoreBank Advisory Services and FINCA began to implement the Caucasus Small Enterprise Finance Program. To create small business lending capacity in private banks, ShoreBank provided technical assistance and training to the three private Azerbaijani banks (Demiryol, Azerigasbank and Rabita-Bank). These banks received lines of credit of \$3.4 million from the International Finance Corporation (IFC).

Although ShoreBank initiated its program only in March 1998, 17 loans totaling \$870,800 had been disbursed by the end of 1998. ShoreBank also trained twelve local loan officers and fourteen credit committee members and will continue to provide technical assistance to commercial banks in the area of loan techniques.

Through a village banking lending scheme, FINCA provides direct loans of \$100 per person to groups of ten micro-entrepreneurs not otherwise serviced by the commercial banking sector. FINCA began disbursing loans in June 1998, and had disbursed \$71,412 to 882 clients by the end of 1998. USAID also provided an additional \$5 million to ShoreBank in late 1998 to provide loans in the \$1,000-\$10,000 range for emerging entrepreneurs. Some of these loans will go to entrepreneurs who have graduated to market-based loans from the humanitarian micro-finance programs

The KPMG Barents Group began its Commercial Bankers' Training program in April 1998. Middle and upper level technical and managerial staff from private banks took part in six courses on bank management, risk management and basic international accounting standards. An

additional four courses since have been completed, and three more are planned by the end of the program in June 1999. This training has been implemented in coordination with the Bankers Association and involves a series of one-week courses taught by experts.

As FSA Section 907 restrictions preclude USAID and its grantees and contractors from working with the Government of Azerbaijan, only private bankers can participate in the training. They make up only twenty-five percent of those working in banking industry. Private banks account for only twenty percent of the entire banking sector of Azerbaijan. As a result, the impact of this training is quite limited. The European Union, however, plans a similar project that will be able to work with both state and private Azerbaijani banks. Thus, USAID plans to discontinue funding this program in June.

With funding from the Bureau for Humanitarian Response, Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) provided technical assistance and training to farmers and farm cooperatives in Azerbaijan. During FY 98, U.S. farmers and agro-processors spent three-four weeks in Azerbaijan providing intensive hands-on technical assistance in production, transformation, marketing and finance, reaching as many as 3,000 farmers either directly or indirectly. With support from ACDI/VOCA, Sheki beekeepers reported significant gains in income and production as a result of assistance in hive construction and queen rearing. New queens that were introduced in Sheki hives resulted in a 20% increase in honey production over the previous year. Coupled with more modern hives, this technical assistance resulted in an increase in actual sales from \$7,000 to \$18,000. The farmers now have increased their number of hives from 46 to 70 as a result of this increase in profitability. ACDI/VOCA has received additional funding from USAID to provide grants and loans to enable farmers to invest in expanded production or new techniques. Finally, ACDI/VOCA also is supporting the development of farmer associations and processing cooperatives in the agricultural sector.

USAID plans to initiate and expand several existing activities within its current portfolio that will be completed during FY 99. These activities would be largely in the non-agricultural sectors, as USAID already has a significant presence in the agricultural and agro-processing sectors. USAID plans to broaden its activities related to the SME Development program. In addition, in developing a strategic plan, USAID will consider an unsolicited proposal to address subcontracting opportunities in the oil sector by existing and new Azerbaijani firms.

Possible Adjustments to Plan: USAID has been operating in Azerbaijan in the absence of a country strategy and will prepare the first program strategy assistance for Azerbaijan in 1999. The restrictions of Section 907 and the availability of increased funding will shape USAID's ability to be more extensively involved in the economic restructuring area. Even without a repeal or softening of Section 907, there are significant needs and opportunities in the enterprise sector that USAID can and should address such as financial support and training for SMEs, newly privatized and newly created businesses.

Other Donor Programs: The World Bank has identified agriculture as a priority sector, and they are supporting programs in farm restructuring/privatization, infrastructure rehabilitation

including irrigation systems, and credit. The EU is concentrating on banking, auditing, and marketing in the grain and bread industries.

Principal Contractors, Grantees, or Agencies: USAID-sponsored activities are implemented by ShoreBank, FINCA, Barents Group, the Eurasia Foundation and ACDI/VOCA.

SO 2.1 – Increased, Better Informed Citizens’ Participation

SO Summary: Azerbaijan’s initial post-independence progress toward democratic governance was slowed by domestic instability and the consolidation of power by President Aliyev’s authoritarian regime. The conflict over Nagorno-Karabakh further impeded the development of democratic and legal reforms. Limited press freedom, a nominally independent judiciary and legislature, and a weak civil society are an ineffective counterweight to a powerful executive branch. To overcome these obstacles, through its implementing partners, USAID supports the process of democratization in Azerbaijan, working with political parties, the independent media and indigenous NGOs, as well as providing assistance with elections.

Key results: In FY 98, USAID-funded activities provided support to improve the election process and strengthen NGOs and the capabilities of independent journalists.

Performance and Prospects: Performance in this sector met expectations. The major political event during 1998 was the October 11 presidential election. Democracy and governance activities in Azerbaijan expanded in FY 98 to support the electoral process. The international delegation of election observers praised the Government of Azerbaijan for an improved election law, abolition of the state censorship body, and provision of media access to presidential candidates. The delegation nevertheless noted “serious flaws” both during the election and pre-election periods, including ballot box stuffing, government control of election commissioners and intimidation of observers. As a consequence, the electoral process “fell short of standards of democratic elections.”

Elections: USAID funded a range of activities to improve the election process in Azerbaijan, including advice on the law for the presidential elections, the adoption of which was cited as one of the positive steps in the 1998 election. The National Democratic Institute (NDI) and the International Foundation for Election Systems (IFES) provided assistance with this legislation. NDI modified its programming in the area of political party development when it became clear that opposition parties insisted on establishing the ground rules for a fair election before they would undertake campaign planning. NDI arranged for a team of international experts to provide recommendations on the election law, taking into consideration the concerns expressed by political parties. These suggestions were reflected in revisions made to the election law. Among the key amendments to the original flawed election law was the mandating of the inclusion of opposition political party representatives as members of the Central Electoral Commission (CEC).

Following the adoption of the above-mentioned law, the Azerbaijan Civic Initiative Group (ACI), which has affiliates in five regions, conducted monthly public education programs on new electoral laws, published a newsletter with a circulation of 500 and submitted written testimony to parliament. With support from NDI, the Organization for the Protection of Women’s Rights (OPWR) conducted seminars on the basic principles of Western electoral systems, Azerbaijani voters’ rights and the presidential election law, and nonpartisan election monitoring. Presenters stressed the secrecy of the ballot and each individual’s right to cast her own ballot, as opposed to the common Soviet practice of “family voting.” Following the seminars, many of the participants met with smaller groups of women, and summarized the information from the

seminars and distributed pamphlets explaining women's right to vote. Prior to its cooperation with NDI, OPWR had not attempted a nationwide educational program of this sort. OPWR leaders reported that assistance had enabled them to understand how to work with budgets, develop agendas and distill large bodies of material into brief, easy-to-understand handouts.

IFES trained all but a few of the Territorial Election Commission (TEC) chairmen and has been asked to provide assistance with the enabling legislation for the 1999 municipal elections. IFES provided technical assistance to the CEC on the voter education campaign, and also helped convince the government of Azerbaijan to purchase ballot numbering machines. This was a key technical recommendation to increase the transparency of the election.

To ensure effective monitoring of the elections, IFES helped develop the *Presidential Election Guide for Poll Workers*, and NDI supported ACI's efforts to monitor and report on the election process. ACI's national office oversaw a poll-watching campaign throughout Azerbaijan, and collected and analyzed data from its 2600 monitors. ACI summarized this information in a 45-page *Final Report on the October 11 Presidential Elections* detailing the frequency, severity, and geographic distribution of the large number of election violations that took place. Problems noted during the election included partisan appointments to local election commissions, pronounced media bias, conspicuous efforts to thwart freedom of assembly, and police violence against demonstrators.

The ACI report is proving to be a useful source of information as Azerbaijan prepared to hold municipal elections, planned for October 1999. If the country moves toward a system of elected municipal authorities, as planned, this movement will reduce the power of the central government, improve accountability and transparency, and could result in a more sustainable power-sharing arrangement between the ruling party and the opposition. USAID anticipates that the majority of international PVOs and local NGOs in the area of Democracy and Governance will be closely involved in that process.

NGO development: With funding from USAID, the Initiative for Social Action and Renewal in Eurasia (ISAR) continued to provide grants to environmental and social-sector NGOs in Azerbaijan. ISAR also provided organizational development assistance to NGOs that work in both those and other sectors. "Azerbaijan in the 21st Century," one of the NGOs that received support from ISAR, was started by two women who had many ideas about environmental education and democracy-building in Azerbaijan, but did not know how to implement those ideas. Following consultation and training with ISAR, they formed an initiative group and undertook a program to provide environmental education to children in Sumgait, one of the most polluted cities in Azerbaijan. After completion of this program, not only the children involved but also their parents showed an increased recognition of the need to be aware of environmental issues. "Azerbaijan in the 21st Century" is now preparing a textbook to teach environmental issues to children.

ISAR reported that at the end of 1998 there were approximately 150 operating NGOs working in different program activities. However, they also noted that there continue to be many problems, and as a result many organizations are beginning to understand the need for cooperation in order to work toward reaching an equitable solution. NDI organized a meeting on reforms of

Azerbaijan's Soviet-era NGO registration law, then under consideration by the government. As a result, 20 NGOs were able to question the Director of the NGO Registration Office of the Ministry of Justice and to directly communicate their views to this office. They also received information on registration issues from attorneys from the Association of Independent Jurists and representatives from ACI. Members of NGOs and ISAR are providing assistance with the elaboration of a new NGO law that is expected in 1999.

Media: Internews provided training to television and radio reporters in such areas as news reporting, TV management, TV production, and equipment loans. With support from the Eurasia Foundation and ISAR, *Yeni Nasil* (New Generation), an indigenous press association, has been actively working with the Azerbaijani Parliament in an effort to amend the Law on Media which is vague and limits print media activity. *Yeni Nasil* has submitted three draft laws to the parliament: (1) Law on State Support to Mass Media during the transition period; (2) Law on TV and Radio; and (3) Law on Freedom of Information. These draft laws were prepared with financial and legal support from Internews, and are expected to pass through the parliament by the end of 1999. An Internews lawyer has been asked to sit on a parliamentary committee working on these laws. Internews also translated into Azerbaijani a manual on how to conduct media coverage of an election. The manual was distributed to representatives from the electronic media. Finally, Internews provided assistance to the newly created (de-facto) Association of Television and Radio Stations in the process of its registration. Despite these efforts, Internews was not able to achieve all of the results hoped for due to the unfavorable environment for independent television.

Possible Adjustments to Plan: USAID will develop a results framework for the Democracy and Governance sector when a strategy for Azerbaijan is developed in 1999. With the Section 907 carve-out in the area of Democracy and Governance, if funding is available, USAID plans to broaden its activities in this area. The American Bar Association (ABA) will start its USAID-funded activities in the areas of rule of law and commercial law. Focusing at the grass-roots level, ABA will work with indigenous lawyers groups on issues of advocacy. ABA also will be in a position to provide expert commentary on draft legislation to the Government of Azerbaijan on the pieces of legislation that specifically deal with issues of democratic development. In conjunction with municipal elections and increased resources, USAID will support local government and local development.

Other Donor Programs: Complementary efforts to promote steps toward democratic progress are being closely coordinated with the UN, OSCE, and EU.

Principal Contractors, Grantees, or Agencies: USAID-sponsored activities are implemented by NGOs such as Internews, NDI, IRI, IFES, and the Eurasia Foundation. The U.S. Information Agency provides democracy-related training and exchange programs.

SO 3.1 Human Suffering and Crisis Impact Reduced

SO Summary: Over 850,000 refugees and internally displaced persons (IDPs) remain in Azerbaijan under difficult conditions, as a result of the continuing dispute over Nagorno-Karabakh (NK). These refugees and IDPs live in temporary camps, public buildings (including schools, kindergartens, hostels, sanatoriums, tourist facilities, incomplete buildings, railway wagons, dug-outs) and with relatives. The Government of Azerbaijan (GOAJ) does not bring significant resources to bear to improve the living conditions of the IDPs and refugees. In addition, austerity measures intended to stabilize the economy have resulted in a significant reduction of GOAJ financial input for health, education and other social services. Activities in this sector help reduce the suffering and impact of the crisis that has resulted.

Key Results: There are no approved results frameworks for the humanitarian assistance sector in Azerbaijan, and, accordingly, no explicit results against which to measure performance. Instead, activity-specific achievements are reported in this document. These USAID-funded activities focus on improving living conditions, improving health and nutrition, and increasing economic opportunities for vulnerable groups.

Performance and prospects: Activity in this sector met expectations. Throughout FY 98, USAID-funded grantees provided essential assistance to refugees and IDPs in Azerbaijan. Primary health care was provided in all areas with a high density of IDPs, providing services for over 400,000 people. Progress continued to be made in the provision of basic shelter to IDPs in rural areas, and the rehabilitation of public shelter facilities in urban areas. In addition, the scope of income generation projects was expanded, allowing individual IDPs to take charge of their lives and regain their sense of personal pride.

During FY 98, a Caucasus-wide umbrella mechanism implemented by the Save the Children Federation (SCF) ended and was replaced by an Azerbaijan-specific umbrella mechanism, the Azerbaijan Humanitarian Assistance Program (AHAP), implemented by Mercy Corps International (MCI). Key sub-grants were successfully refined and transitioned from the SCF umbrella to MCI with no degradation of services to beneficiaries.

From October 1997 through April 1998, SCF sub-grantees provided primary health care to 400,000 beneficiaries, supplemental rations to 190,000, improved shelter to 16,000 people and improved economic opportunities to 800 clients (who received loans ranging from \$50 to \$400).

MCI has awarded 15 sub-grants to U.S. PVOs in the sectors of improving living conditions, improving health and nutrition, and increasing economic opportunities for vulnerable groups. The AHAP seeks to improve the living conditions of 2,200 families with mudbrick housing and 4,500 families living in public buildings, the health and nutrition of 270,000 IDPs and 30,000 vulnerable people, and the economic conditions for the maximum feasible number of clients. This program uses community participation and self-help as its main technical approaches. As an initial step toward achieving these overall targets, MCI already has awarded grants to improve the living conditions of 1,400 families with mudbrick housing and 3,500 families living in public buildings, to improve the health and nutrition of 478,000 individuals, and to assist 3,520 clients

in the economic opportunity sector. During this reporting period, MCI sub-grantees provided 775 families with mudbrick shelters, and 1,325 families benefited from improved public buildings. 174,000 beneficiaries regularly received supplemental food rations. Over 477,000 people received access to primary health care. 1,165 loans were provided to vulnerable families, with a loan repayment rate of the different program locations ranging from 85-94%.

With support from USAID, other organizations also helped meet basic needs of vulnerable Azerbaijanis in FY 98. The International Federation of the Red Cross and Red Crescent Societies (IFRC) provided access to sanitation facilities and safe water to 1,836 families. With a grant from USAID, UNICEF distributed spare parts for cold chain equipment, implemented immunization activities with the collaboration of PVOs, raised awareness of the Expanded Program of Immunization (EPI) by distributing printed posters, and developed modules for Integrated Management of Childhood Illnesses (IMCI).

The acceptance in principle of responsibility for IDPs and refugees by the GOAJ has brought a new dimension to the whole situation of humanitarian assistance. The lack of progress in the peace process, the president's appraisal of the situation of IDPs during the presidential election campaign, and donor fatigue compelled the GOAJ to adopt a more realistic approach to dealing with the situation of IDPs. Following the dismissal of the deputy prime minister responsible for IDPs and refugees, the new Deputy Prime Minister signed an Aide Memoire on behalf of the Government of Azerbaijan with UNDP, UNHCR and the World Bank. According to this Aide Memoire, the GOAJ will facilitate resettlement by focusing on providing access to land and/or increased economic opportunities for IDPs.

USAID will continue to work through U.S. PVOs and UN agencies to support the resettlement program of IDPs and refugees. The resettlement program will cover mainly shelter, income generation, health, NGO strengthening, SME development, business, trade/skills development and improvement, SME training and social infra-structure rehabilitation. A broad-based multi-sectoral, integrated community mobilization approach will be the anchor of all the interventions. Over the next year, USAID expects to achieve results from the following initiatives.

USAID has provided \$2.9 million from the Victims of the Nagorno-Karabakh Conflict to MCI for a program in Gouranboy (one of the liberated/war-damaged areas) in the sectors of shelter, health, business development and mass information. CARE and SCF will implement this program. These activities will complement the World Bank's pilot project for Resettlement and Reconstruction of the liberated/war damaged areas.

Funding from USAID will help UNICEF reach its target of immunizing 90% of Azerbaijani children through the Expanded Program of Immunization (EPI). UNICEF will also implement malaria control activities with this funding.

SCF will implement a community-based Participatory Micro Project Program (PMPP) in the region of Berde with \$1 million provided from the Victims of the Nagorno-Karabakh Conflict earmark. This project will target IDPs and other vulnerable groups. Communities will complete 65 micro projects in the sectors such as agriculture, water and sanitation, education, health, and irrigation.

USAID has provided \$2.8 Million to UNHCR against their Special Appeal to provide shelter for the returnees to the liberated and war-damaged areas. UNHCR is the lead agency in the shelter sector of the World Bank-designed pilot project for resettlement and reconstruction. This Special Appeal focuses on the regions of Fizuli, Agdam and Ter-ter. UNHCR already has awarded three grants to Relief International, International Rescue Committee and Norwegian Refugee Committee under this program.

USAID has awarded a grant of \$1 Million to the World Food Program's (WFP) 1999 appeal. WFP provides food to approximately 220,000 IDPs/Refugees and vulnerable population through World Vision International (WVI). WVI covers IDPs mainly in central and northwest part of Azerbaijan.

Possible Adjustments to Plan: The new commitment of the GOAJ to support the resettlement of IDPs, recently expressed through the signing of an Aide Memoire by the GOAJ, the World Bank, UNDP, and UNHCR will likely open fresh opportunities for the USAID assistance program. USAID and the US Embassy plan to make support of the directions expressed in the Aide Memoire one of the important features of the Strategic Plan to be developed later this year. USAID will pursue the resettlement activity with an integrated broad based multi-sectoral, community mobilization approach to make effective re-settlement a reality. An important overarching theme of this activity will be support of self-sufficiency activities. USAID already has requested an amount of \$10.0 million from the Caucasus Regional Fund (the "Peace Fund") for the purposes of investment in the resettlement program for IDPs.

Other Donor Programs: The European Community Humanitarian Organization (ECHO) is the other main non-US humanitarian assistance donor in Azerbaijan. ECHO primarily supports programs for the former ECHO camps. In addition, ECHO is supporting resettlement in the Fizuli area. Japan and many European countries provide important support to UN and international organizations. USDA, the Department of State (PRM and S/NIS/C), and the Department of Defense give substantial support in the areas of food commodities, funding for international organizations' programs, excess equipment and pharmaceutical donations, and transportation.

Principal Contractors, Grantees, or Agencies: The primary U.S. NGOs operating in Azerbaijan are Mercy Corps International, Save the Children, UMCOR, CARE, Adventist Development and Relief Agency, ACDI/VOCA, Children Aid Direct (CAD), World Vision, International Rescue Committee, Relief International, and the American Red Cross. USAID also supports WFP, UNHCR, UNICEF, and IFRC.

SO 4.2 Cross Cutting

Training: The importance of training to the development of the private sector and civil society in Azerbaijan cannot be overstated. Through the training experience, participants not only develop new skills, but they make important contacts both with individuals from their own country and with people from other countries. These outside contacts provide a window on the world and bring information on the experiences of other transition countries. The contacts also provide a continuing source of professional information to the participant. Through its training provider, the Academy for Educational Development (AED), USAID has sponsored 9 training programs with a total of 177 carefully selected participants. Their training plan includes a number of activities in support of "democratization" and small and medium enterprise development in Azerbaijan. Courses conducted during FY 98 or developed during FY 98 included a community development course for refugee and IDP community leaders, courses in business development and agro-business consultation, agricultural study tours related to agricultural development, and a number of activities in support of democratization in Azerbaijan.

Small Grants Program: The Eurasia Foundation has provided financial support through grants to local organizations for programs promoting economic and democratic reform in Azerbaijan. These grants provide the necessary financial support that enables Azerbaijani NGOs to promote positive change. For example, one of the business associations that has received support from the Eurasia Foundation, the *Yeni Nesil* Union of Journalists in Azerbaijan, has been working with the National Assembly to reform the media law.

Part III Resource Request

1. Program Priorities and Budget Request

The Azerbaijan program remains severely underfunded. The planning levels for FYs 2000 and 2001 limit the impact of the program by severely limiting the breadth of dialogue and policy reform necessary to assist Azerbaijan to ensure its stability, prosperity, and political independence. Current actual and planned levels do not allow the program to address other than basic human needs in the refugee and Internally Displaced Persons (IDPs) populations. The program does not have sufficient resources to assist other vulnerable populations. Current actual and planned levels are insufficient to provide adequate support for local political and civic development. At a minimum, the program can absorb an additional \$15.0m per year. USAID/W and Department of State assistance has been requested to help secure larger appropriations for the Azerbaijan program.

A first-ever Strategic Plan will be developed for Azerbaijan over the next six months. The program plans and directions discussed below represent initial thinking only. The activities described comply with the limits imposed by Section 907. The program priorities discussed also are in accordance with the limited planned resource levels

Humanitarian assistance will continue to utilize the lion's share of program resources. Humanitarian assistance activities will focus on refugees and IDPs in temporary settlements, as well as those being moved to permanent resettlement sites under the recently signed Aide Memoire between the GOAJ and the World Bank, UNDP, and UNHCR.

Under current planning levels economic restructuring and democracy and governance will receive essentially the same level of resources. Economic restructuring activities will focus on capacity-building and credit programs for the SME sector, including agriculture and agribusiness. The program also will continue to address the needs of private banks and bankers. It is important to note that Section 907 restrictions severely limit the program's ability to promote sustainable economic development.

The democracy and governance program will continue to support elections and work with political parties. Electoral support will cease in FY 2001 with the end of the current electoral cycle. Should additional elections be planned, this decision will be reviewed. Support will continue for rule of law and the free flow of information. A strengthened emphasis in both areas is needed to combat the endemic corruption in Azerbaijan. Work with NGOs will also continue and be expanded. In anticipation of the municipal elections, limited funding will be set aside to support selected local development initiatives. However, this funding comes at the expense of activities in civil society and rule of law.

2. Operating Expense and Workforce Request

A modest expansion is anticipated in the Azerbaijan program, with eventual staffing levels of 2 USDH, 1 TCN, and 4 FSN to support existing programs and expected involvement in Peace Fund implementation. In FY 99 and FY 00, Baku will incur significant costs to cover office, residential, and vehicle expenses as a result of personnel newly arriving at post. Because of uncertainties in the economy and in real estate markets, it is difficult to anticipate what the actual residential lease costs and local salary structure will be. The Mission, however, is located in the Embassy and will remain there through FY 01, so barring an unexpected move, there will be minimal direct office expenses after the offices are furnished due to the Mission's full participation in ICASS. There is, however, still no ICASS agreement at post and it has been difficult to assess what Baku's allocation will be; nevertheless, due to the post's high level participation, ICASS costs will remain a significant portion of Baku's operating expenses.

Operating Expenses

Org. Title: USAID/Causasus, Azerbaijan		Overseas Mission Budgets														
Org. No: 112		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0			0			0
11.5	FNDH			0			0			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries			0			0			0			0			0
11.8	FN PSC Salaries	18.8		18.8	37.5		37.5	37.5		37.5	45		45	45		45
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0			0			0
	Subtotal OC 11.8	18.8	0	18.8	37.5	0	37.5	37.5	0	37.5	45	0	45	45	0	45
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0			0			0	63.5		63.5	63.5		63.5
12.1	Cost of Living Allowances	6.9		6.9	7		7	7		7	8		8	8		8
12.1	Home Service Transfer Allowances			0			0			0	0.7		0.7	0.7		0.7
12.1	Quarters Allowances			0			0			0			0			0
12.1	Other Misc. USDH Benefits	5		5			0			0	12.3		12.3	12.3		12.3
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0			0			0
12.1	Other FNDH Benefits	12.6		12.6	18.8		18.8	18.8		18.8	22.6		22.6	22.6		22.6
12.1	US PSC Benefits			0			0			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0			0			0
12.1	Other FN PSC Benefits			0			0			0			0			0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0			0			0
	Subtotal OC 12.1	24.5	0	24.5	25.8	0	25.8	25.8	0	25.8	107.1	0	107.1	107.1	0	107.1
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0			0			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0			0			0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs			0			0			0			0			0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	10		10	10		10	10		10	10		10	10		10
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	11.5		11.5			0			0	10		10	10		10
21.0	Assignment to Washington Travel			0			0			0	6.5		6.5	6.5		6.5
21.0	Home Leave Travel			0	5.8		5.8	5.8		5.8	5.8		5.8	5.8		5.8
21.0	R & R Travel	6.5		6.5	5		5	5		5	6.5		6.5	6.5		6.5

Operating Expenses

Org. Title: Org. No: OC		Overseas Mission Budgets														
		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
21.0	Education Travel			0			0			0	5		5	5		5
21.0	Evacuation Travel	11.5		11.5	11.5		11.5	11.5		11.5	24.5		24.5	24.5		24.5
21.0	Retirement Travel			0			0			0			0			0
21.0	Pre-Employment Invitational Travel			0			0			0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel			0			0			0			0			0
21.0	Site Visits - Mission Personnel	31.6		31.6	50.4		50.4	50.4		50.4	50.4		50.4	50.4		50.4
21.0	Conferences/Seminars/Meetings/Retreats	5		5	5		5	5		5	5		5	5		5
21.0	Assessment Travel			0			0			0			0			0
21.0	Impact Evaluation Travel			0			0			0			0			0
21.0	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21.0	Recruitment Travel			0			0			0			0			0
21.0	Other Operational Travel			0			0			0			0			0
Subtotal OC 21.0		76.1	0	76.1	87.7	0	87.7	87.7	0	87.7	123.7	0	123.7	123.7	0	123.7
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	70		70			0			0	70		70	70		70
22.0	Home Leave Freight			0	2.5		2.5	2.5		2.5	2.5		2.5	2.5		2.5
22.0	Retirement Freight			0			0			0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.	4.8		4.8	4.8		4.8	4.8		4.8	1		1	1		1
22.0	Transportation/Freight for Res. Furniture/Equip.	12		12	1		1	1		1	1		1	1		1
Subtotal OC 22.0		86.8	0	86.8	8.3	0	8.3	8.3	0	8.3	74.5	0	74.5	74.5	0	74.5
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space			0			0			0			0			0
23.2	Rental Payments to Others - Warehouse Space			0			0			0			0			0
23.2	Rental Payments to Others - Residences	140		140	123.2		123.2	123.2		123.2	154		154	154		154
Subtotal OC 23.2		140	0	140	123.2	0	123.2	123.2	0	123.2	154	0	154	154	0	154
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities			0			0			0			0			0
23.3	Residential Utilities	0.9		0.9	1.2		1.2	1.2		1.2	1.2		1.2	1.2		1.2
23.3	Telephone Costs	4.4		4.4	2.8		2.8	2.8		2.8	2.8		2.8	2.8		2.8
23.3	ADP Software Leases	1		1	1		1	1		1	1		1	1		1
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)			0			0			0			0			0
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services			0			0			0			0			0
Subtotal OC 23.3		6.3	0	6.3	5	0	5	5	0	5	5	0	5	5	0	5
24.0	Printing and Reproduction	0.5		0.5	0.8		0.8	0.8		0.8	0.8		0.8	0.8		0.8
Subtotal OC 24.0		0.5	0	0.5	0.8	0	0.8	0.8	0	0.8	0.8	0	0.8	0.8	0	0.8
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services			0			0			0			0			0
25.1	Engineering & Technical Services			0			0			0			0			0
Subtotal OC 25.1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		

Operating Expenses

Org. Title: USAID/Causasus, Azerbaijan		Overseas Mission Budgets														
Org. No: 112		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Office Security Guards			0			0			0			0			0
25.2	Residential Security Guard Services			0			0			0			0			0
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances			0			0			0			0			0
25.2	Non-Federal Audits			0			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0			0			0
25.2	Vehicle Rental			0			0			0			0			0
25.2	Manpower Contracts			0			0			0			0			0
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments			0			0			0			0			0
25.2	Other Miscellaneous Services			0			0			0			0			0
25.2	Staff training contracts			0			0			0			0			0
25.2	ADP related contracts			0			0			0			0			0
	Subtotal OC 25.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	202		202	284.5		284.5	284.5		284.5	253		253	253		253
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	202	0	202	284.5	0	284.5	284.5	0	284.5	253	0	253	253	0	253
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance			0			0			0			0			0
25.4	Residential Building Maintenance	20		20	2		2	2		2	2		2	2		2
	Subtotal OC 25.4	20	0	20	2	0	2	2	0	2	2	0	2	2	0	2
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	0.6		0.6	0.8		0.8	0.8		0.8	0.8		0.8	0.8		0.8
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	2.4		2.4	3.2		3.2	3.2		3.2	3.2		3.2	3.2		3.2
25.7	Vehicle Repair and Maintenance	1.1		1.1	1.5		1.5	1.5		1.5	1.5		1.5	1.5		1.5
25.7	Residential Furniture/Equip. Repair and Maintenance	0.6		0.6	0.8		0.8	0.8		0.8	0.8		0.8	0.8		0.8
	Subtotal OC 25.7	4.7	0	4.7	6.3	0	6.3	6.3	0	6.3	6.3	0	6.3	6.3	0	6.3
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26.0	Supplies and materials	1.8		1.8	2.4		2.4	2.4		2.4	2.4		2.4	2.4		2.4
	Subtotal OC 26.0	1.8	0	1.8	2.4	0	2.4	2.4	0	2.4	2.4	0	2.4	2.4	0	2.4
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	72.5		72.5	2		2	2		2	2		2	2		2
31.0	Purchase of Office Furniture/Equip.	20.6		20.6	20.6		20.6	20.6		20.6	2		2	2		2
31.0	Purchase of Vehicles	38		38			0			0			0			0
31.0	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31.0	ADP Hardware purchases	13.4		13.4	13.4		13.4	13.4		13.4	2		2	2		2
31.0	ADP Software purchases	3		3	3		3	3		3	3		3	3		3
	Subtotal OC 31.0	147.5	0	147.5	39	0	39	39	0	39	9	0	9	9	0	9
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		

Operating Expenses

Org. Title: USAID/Causasus, Azerbaijan Org. No: 112 OC		Overseas Mission Budgets														
		FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
32.0	Purchase of Land & Buildings (& bldg. construction)			0			0			0			0			0
32.0	Purchase of fixed equipment for buildings			0			0			0			0			0
32.0	Building Renovations/Alterations - Office			0			0			0			0			0
32.0	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42.0	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		729	0	729	622.5	0	622.5	622.5	0	622.5	782.8	0	782.8	782.8	0	782.8

25.6	Medical Care	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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Additional Mandatory Information

Dollars Used for Local Currency Purchases	_____	_____	_____	_____	_____
Exchange Rate Used in Computations	_____	_____	_____	_____	_____

** If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.
On that form, OE funded deposits must equal: 0 0 0 0 0

Workforce Tables

Org: USAID/Caucasus, Azerbaijan																		
End of year On-Board								Total	Org.	Fin.	Admin.	Con-	All		Total	Total		
FY 1999 Estimate	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	SO/SpO	Mgmt.	Mgmt	Mgmt	tract	Legal	Other	Mgmt.	Staff		
OE Funded: 1/ U.S. Direct Hire	1							1	1							1	2	
Other U.S. Citizens								0							0	0		
FSN/TCN Direct Hire								0							0	0		
Other FSN/TCN								0	2							1	3	3
Subtotal	0	0	1	0	0	0	0	1	3	0	0	0	0	1	4	5		
Program Funded 1/ U.S. Citizens								0							0	0		
FSNs/TCNs	0.5	0.5	1					2							0	2		
Subtotal	0.5	0.5	1	0	0	0	0	2	0	0	0	0	0	0	0	2		
Total Direct Workforce	0.5	0.5	2	0	0	0	0	3	3	0	0	0	0	1	4	7		
TAACS								0							0	0		
Fellows								0							0	0		
IDIs								0							0	0		
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL WORKFORCE	0.5	0.5	2	0	0	0	0	3	3	0	0	0	0	1	4	7		

Workforce Tables

	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2000 Target																
OE Funded: 1/																
U.S. Direct Hire			1					1	1						1	2
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	2					1	3	3
Subtotal	0	0	1	0	0	0	0	1	3	0	0	0	0	1	4	5
Program Funded 1/																
U.S. Citizens								0							0	0
FSNs/TCNs	0.5	0.5	2					3							0	3
Subtotal	0.5	0.5	2	0	0	0	0	3	0	0	0	0	0	0	0	3
Total Direct Workforce	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8

FY 2000 Request																
OE Funded: 1/																
U.S. Direct Hire			1					1	1						1	2
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	2					1	3	3
Subtotal	0	0	1	0	0	0	0	1	3	0	0	0	0	1	4	5
Program Funded 1/																
U.S. Citizens								0							0	0
FSNs/TCNs	0.5	0.5	2					3							0	3
Subtotal	0.5	0.5	2	0	0	0	0	3	0	0	0	0	0	0	0	3
Total Direct Workforce	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8

Workforce Tables

Org: USAID/Caucasus, Azerbaijan								Total SO/SpO Staff							Total Mgmt.	Total Staff	
End of year On-Board	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2		Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other			
FY 2001 Target																	
OE Funded: 1/ U.S. Direct Hire	1							1	1							1	2
Other U.S. Citizens								0								0	0
FSN/TCN Direct Hire								0								0	0
Other FSN/TCN								0	2					1		3	3
Subtotal	0	0	1	0	0	0	0	1	3	0	0	0	0	1	4	5	
Program Funded 1/ U.S. Citizens								0								0	0
FSNs/TCNs	0.5	0.5	2					3							0	3	
Subtotal	0.5	0.5	2	0	0	0	0	3	0	0	0	0	0	0	0	3	
Total Direct Workforce	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8	
TAACS								0								0	0
Fellows								0								0	0
IDIs								0								0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL WORKFORCE	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8	

FY 2001 Request																
OE Funded: 1/ U.S. Direct Hire	1							1	1						1	2
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0	21						3	3
Subtotal	0	0	1	0	0	0	0	1	3	0	0	0	0	1	4	5
Program Funded 1/ U.S. Citizens								0							0	0
FSNs/TCNs	0.5	0.5	2					3							0	3
Subtotal	0.5	0.5	2	0	0	0	0	3	0	0	0	0	0	0	0	3
Total Direct Workforce	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	0.5	0.5	3	0	0	0	0	4	3	0	0	0	0	1	4	8

Workforce

MISSION :

Azerbaijan

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 1999	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2002
01 SMG				
02 Program Officer	1	1	1	1
03 EXO				
04 Controller				
05/06/07 Secretary				
10 Agriculture				
11 Economics				
12 GDO				
12 Democracy				
14 Rural Development				
15 Food for Peace				
21 Private Enterprise				
25 Engineering				
40 Environment				
50 Health/Pop.				
60 Education				
75 Physical Sciences				
85 Legal				
92 Commodity Mgt				
93 Contract Mgt				
94 PDO	1	1	1	1
95 IDI				
Other*				
TOTAL	2	2	2	2

Please e-mail this worksheet
in either Lotus or Excel to:
Maribeth Zankowski
@hr.ppim@aidw
as well as include it with
your R4 submission.

*please list occupations covered by other if there are any

Annex 1 – Environmental Impact

The Azerbaijan program for FY 1998-2000 at present is largely limited to humanitarian assistance. Wherever appropriate – e.g. for commodity procurement or shelter rehabilitation – USAID/Caucasus will prepare environmental analyses in accordance with CFR 216 and will assure the implementation of risk-minimization actions prior to deliveries. Other authorizations to be sought by USAID/ Caucasus are likely to consist solely of technical assistance activities which qualify for a Categorical Exclusion.

Annex 2 – Updated Results Frameworks

N/A. USAID has not developed a Strategic Plan for Azerbaijan and therefore there are no results frameworks. A new strategy and results frameworks will be developed in 1999.

Annex 3 – Global Climate Change

N/A. There are currently no global climate change activities underway in Azerbaijan.

Annex 4 – ENI Detailed Budget Information

FY 1999 - FY 2001 COUNTRY RESOURCE REQUEST BY SOs -- AZERBAIJAN

PPF	Proj. #/ Comp.	SO	PROJECT/ Activity	FY99 Plan	FY 00 Plan	FY 01 Plan
		1.3	Accelerated development and growth of private enterprises	\$4,020,000	\$5,900,000	\$6,200,000
		1.4	A more competitive and market-responsive private financial sector	\$1,200,000	\$750,000	\$750,000
		2.1	Increased, better informed citizens' participation in political and economic decision making	\$1,730,000	\$4,100,000	\$4,850,000
		2.2	Legal systems that better support democratic process and market reform	\$400,000	\$750,000	\$900,000
		2.3	More effective, responsive and accountable local government	\$0	\$1,000,000	\$1,000,000
		3.1	Human suffering and negative consequences of crises are reduced	\$7,150,000	\$7,500,000	\$7,600,000
		4.1	Special Initiatives	\$2,500,000	\$3,000,000	\$2,500,000
		4.2	Cross-cutting programs	\$1,000,000	\$1,000,000	\$1,200,000
TOTAL				\$18,000,000	\$24,000,000	\$25,000,000

STRATEGIC ASSISTANCE AREA 1: A COMPETITIVE MARKET-OTIENTED ECONOMY

			SO 1.3 Accelerated Development and growth of private enterprises			
	5	1.3	SME Development	\$1,000,000	\$1,000,000	\$1,000,000
	5	1.3	SME Credit	\$0	\$1,500,000	\$1,500,000
	5	1.3	Admin Tech Support/Field Management	\$750,000	\$500,000	\$500,000
	6	1.3	Agribusiness Support - ACDI/VOCA	\$520,000	\$0	\$0
	6	1.3	Input Supply - TBD	\$0	\$700,000	\$850,000
	6	1.3	Rural Credit	\$1,000,000	\$700,000	\$850,000
	6	1.3	Admin Tech Support/Field Management	\$250,000	\$500,000	\$500,000
	10	1.3	EURASIA	\$500,000	\$1,000,000	\$1,000,000
SUBTOTAL FOR SO 1.3				\$4,020,000	\$5,900,000	\$6,200,000

			SO 1.4 A more competitive and market rsponsive private financial sector			
	9	1.4	Economic Policy	\$500,000	\$500,000	\$500,000
	9	1.4	Financial Sector TA - KPMG	\$500,000	\$0	\$0
	9	1.4	Admin Tech Support/Field Management	\$200,000	\$250,000	\$250,000
SUBTOTAL FOR SO 1.4				\$1,200,000	\$750,000	\$750,000

STRATEGIC ASSISTANCE AREA 2: EMPOWERMENT OF CITIZENS THROUGH DEMOCRATIC POL. PROCESSES

			SO 2.1 Incr. better informed citizens' participation in political and econ.decision making			
	7	2.1	Political Process - NDI	\$400,000	\$500,000	\$500,000
	7	2.1	Electoral Systems - IFES	\$500,000	\$750,000	\$750,000
	7	2.1	Political Process - IRI	\$200,000	\$350,000	\$350,000
	7	2.1	NGO Development ISAR	\$250,000	\$600,000	\$850,000
	7	2.1	Independent Media - Internews	\$380,000	\$1,000,000	\$1,000,000
	7	2.1	Independent Media - Print Media Development - TBD	\$0	\$300,000	\$500,000
	7	2.1	Admin Tech Support/Field Management	\$0	\$600,000	\$900,000

SUBTOTAL FOR SO 2.1				\$1,730,000	\$4,100,000	\$4,850,000
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			SO 2.2 Legal Ssystems that better support democratic process and market reform			
	7	2.2	Rule of Law - ABA/CEELI	\$400,000	\$750,000	\$900,000

SUBTOTAL FOR SO 2.1				\$400,000	\$750,000	\$900,000
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			SO 2.3 More effective, responsive and accountable local government			
	7	2.3	Local Development - IQC TBD	\$0	\$1,000,000	\$1,000,000

SUBTOTAL FOR SO 2.3				\$0	\$1,000,000	\$1,000,000
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STRAT. ASSIST. AREA 3: STRENGTHEN CAPACITY TO MANAGE THE HUMAN DIMENSION OF THE TRANSITION

			SO 3.1 Human suffering and negative consequences of crisis are reduced			
	1	3.1	MCI AHAP	\$6,500,000	\$5,600,000	\$5,600,000
	1	3.1	SCF Victims Grant (participatory micro projects)	\$0	\$1,000,000	\$1,000,000
	1	3.1	IFRC	\$0	\$400,000	\$500,000
	1	3.1	WFP- Logistic Support	\$250,000	\$100,000	\$100,000
	1	3.1	Admin Tech Support/Field Management	\$400,000	\$400,000	\$400,000
SUBTOTAL FOR SO 3.1				\$7,150,000	\$7,500,000	\$7,600,000

STRATEGIC ASSISTANCE AREA 4: CROSS-CUTTING PROGRAMS AND SPECIAL INITIATIVES

	4	4.1	Health Partnerships	\$1,000,000	\$500,000	\$500,000
	4	4.1	Infectious Disease -TBD	\$950,000	\$500,000	\$0
	4	4.1	Family Planning	\$450,000	\$500,000	\$500,000
	4	4.1	Unrestricted Health	\$0	\$1,350,000	\$1,350,000
	4	4.1	Admin Tech Support/Field Management	\$100,000	\$150,000	\$150,000
	12	4.2	Cross-cutting activities - AED	\$1,000,000	\$1,000,000	\$1,200,000
SUBTOTAL FOR SO 4				\$3,500,000	\$4,000,000	\$3,700,000

TRANSFER ALLOCATIONS

			USIA Exchanges and Training	\$3,430,000	\$5,000,000	\$5,000,000
			Humanitarian Transport - State	\$2,000,000	\$2,000,000	
			Criminal Justice	\$150,000	\$500,000	
			SABIT	\$100,000		
			BISNIS&BDC	\$60,000		
			USDA Cochran Fellowships	\$100,000		
			Threat Reduction		\$2,000,000	
			Transfers/Allocations - TBD			\$3,000,000
SUBTOTAL FOR ALLOCATIONS				\$5,840,000	\$9,500,000	\$8,000,000

TOTAL (AZERBAIJAN)				\$23,840,000	\$33,500,000	\$33,000,000
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PROJECT SUMMARY

			110-0001 Special Initiatives	\$7,150,000	\$7,500,000	\$7,600,000
			110-0004 Health care	\$2,500,000	\$3,000,000	\$2,500,000
			110-0005 Private sector	\$1,750,000	\$3,000,000	\$3,000,000
			110-0006 Food Systems	\$1,770,000	\$1,900,000	\$2,200,000
			110-0007 Democratic Reform	\$2,130,000	\$5,850,000	\$6,750,000
			110-0009 Economic Restructuring	\$1,200,000	\$750,000	\$750,000
			110-0010 Eurasia Foundation	\$500,000	\$1,000,000	\$1,000,000
			110-0012 Exchanges and Training	\$1,000,000	\$1,000,000	\$1,200,000
			Transfers	\$5,840,000	\$9,500,000	\$8,000,000
TOTAL COUNTRY				\$23,840,000	\$33,500,000	\$33,000,000